

Message Text

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E.O. 11652: N/A

TAGS: EGEN, EI

SUBJ: CONFEDERATION OF IRISH INDUSTRY SEES FURTHER DECLINE IN
IRISH ECONOMY

1. THE CONFEDERATION OF IRISH INDUSTRY (CII) HAS JUST PUBLISHED A REPORT ON IST AUGUST BUSINESS SURVEY CONDUCTED IN COOPERATION WITH THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE. SURVEY IS OF EXPECTATIONS OF BUSINESSMEN AND INDUSTRIALISTS, AND PAST SURVEYS HAVE PROVEN TO BE VERY ACCURATE INDICATORS OF SHORT TERM TRENDS.

2. CII NOTES THAT EXPORT PREFORMANCE OF IRISH MANUFACTURED GOODS CONTINUES TO DETERIORATE. VALUE OF TOTAL EXPORTS (BOTH MANUFACTURED AND AGRICULTURAL) IN JANUARY/JULY, 1975 INCREASED BY 23 PERCENT OVER CORRESPONDING PERIOD IN 1974, BUT WHEN INFLATION TAKEN INTO CONSIDERATION VOLUME ACTUALLY DROPPED SLIGHTLY. VALUE OF MANUFACTURED EXPORTS (CXCLUDING FOODSTUFFS) INCREASED BY ONLY 15 PERCENT AND DROPPED 7 PERCENT IN VOLUME FOR THE SAME PERIOD. VOLUME OF RETAIL SALES ON THE HOME MARKET ALSO CONTINUES TO DECLINE. THE VALUE
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OF RETAIL SALES FOR MAY SHOWED AN INCREASE OF 21 PERCENT OVER

PREVIOUS YEAR, BUT THIS REPRESENTS FALL IN VOLUME OF 3 PERCENT.

3. CII'S AUGUST SURVEY INDICATES THAT BOTH RETAIL SALES AND EXPORTS ARE EXPECTED TO MAINTAIN PRESENT LOW LEVELS, AND EMPLOYMENT LEVELS ARE EXPECTED TO CONTINUE TO FALL. (CURRENT UNEMPLOYMENT OF 102,720 REPRESENTS ABOUT 9 PERCENT OF THE LABOR FORCE AND IS 50 PERCENT HIGHER THAN LAST YEAR.)

4. CII NOTES THAT ANTICIPATED FURTHER DEPRESSION OF CONSUMER DEMAND IN GREAT BRITAIN WILL HAVE ADVERSE EFFECT ON IRISH EXPORTS AND WORSEN AN ALREADY BAD SITUATION. CII CALLS ON GOVERNMENT TO TAKE EFFECTIVE ACTION TO REDUCE IRELAND'S RATE OF INFLATION (CURRENTLY RUNNING AT ANNUAL RATE OF ABOUT 23 PERCENT) TO A RATE WELL BELOW THAT OF GREAT BRITAIN. THE CII REPORT CONCLUDES WITH THE OBSERVATION THAT FAILURE TO CUT INFLATION RATE AND IMPROVE IRISH COMPETITIVENESS CAN ONLY RESULT IN ADDITIONAL UNEMPLOYMENT BETWEEN NOW AND NEXT SPRINT.
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